

REPORT
TO THE
SENATE COMMITTEE ON THE BUDGET
PURSUANT TO
SECTION 301(c) OF THE
CONGRESSIONAL BUDGET AND IMPOUNDMENT
CONTROL ACT OF 1974
FROM THE
SENATE COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS

MARCH 15th REPORT



MARCH 1984

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LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, D.C., March 15, 1984.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: On behalf of the Committee on Environment and Public Works, we transmit our report to the Committee on the Budget as required by section 301(c) of the Congressional Budget Act of 1974.

The Committee report is the result of a careful examination of all the programs under its jurisdiction. The Environment and Public Works Committee held several days of hearings on agency budget proposals. In addition, several agencies were asked to respond to specific questions and submit written testimony on their fiscal year 1985 budget requests so that a complete record on all programs within the Committee's jurisdiction could be compiled.

The President, like every Member of Congress, is concerned about growing Federal deficits. Nevertheless, he proposed increases of over \$100 million each for the Federal-aid Highway program and the Environmental Protection Agency, while smaller increases are proposed for the Corps, the Fish and Wildlife Service, and Disaster Relief.

The members of the Environment and Public Works Committee believe that it is important to reduce the Federal deficit and restrain Federal spending. However, we have attempted to balance both programmatic and fiscal considerations and recommended increases above prior year appropriations only in areas where we believe it is absolutely necessary. We hope that our recommendations and the information provided on each program will help your Committee in carrying out its responsibilities.

Sincerely,

JENNINGS RANDOLPH,
Ranking Member.
ROBERT T. STAFFORD,
Chairman.

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PROGRAMS WITHIN THE JURISDICTION OF THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
FISCAL YEARS 1984 AND 1985

New Budget Authority

[In millions of dollars]

	1984 appropriation	1985 administra- tion's request	Committee recommenda- tion
Direct spending:			
Federal Highway Administration:			
Budget authority	13,417.1	14,676.9	14,676.9
Obligation limitation	12,520.0	^a 13,875.0	^a 13,550.0
Appropriated programs:			
Environmental Protection Agency:			
Operating budget	^a 1,114.1	1,209.3	1,353.0
Superfund	^a 410.0	640.0	753.0
Construction grants	2,430.0	2,400.0	2,400.0
Asbestos in schools			50.0
Nuclear Regulatory Commission	465.8	468.2	460.0
Corps of Engineers	2,649.1	2,724.0	^a 2,694.0
National Board of Water Policy (Title VIII S. 1739)			5.0
Water research, Department of Interior	7.0		25.0
Fish and Wildlife Service:			
Appropriations requested	353.6	363.9	357.5
Permanents and trusts	154.5	165.8	259.8
Council on Environmental Quality	^a 1.3	0.7	0.7
Tennessee Valley Authority	^a 125.5	115.3	115.3
Disaster relief program	0.6	100.0	100.0
Salaries and expenses	6.5	6.5	6.5
General Services Administration	0.0	^a 0.0	0.0
Economic Development Administration	^a 267.5	22.5	225.0
Appalachian Regional Commission	157.1	^a 80.0	167.5
Kennedy Center	4.5	4.6	4.6
National Council for Public Works Improvement (S. 1330)			3.5
Total appropriated programs	8,146.5	8,300.8	8,980.4
User fees, Corps of Engineers	-16.0	-233.0	-233.0
Net, new budget authority for appropriated programs	8,130.5	8,067.8	8,747.4

^a Includes \$790 million of programs authorized and previously exempt from obligation limitations, which the administration is proposing for limitation this year.

^a This represents the STAA approved obligation ceiling. The STAA provided that several categories totaling \$790 million are exempt from this ceiling.

^a Fiscal year 1984 supplemental requests of \$5.5 million for the operating budget for acid rain research and \$50 million for the Superfund program are pending and assumed in the committee recommendation.

^a Recommendation assumes a reduction of \$30 million transferred to fund the remaining water programs within the committee's jurisdiction.

^a Includes jobs bill and/or miscellaneous funding not directly related to the ongoing fiscal year 1984 agency effort.

^a The President has requested \$2,227.8 million in new obligational authority for the Public Building Service.

^a The 13 Governors representing the States who participate in the Commission submitted an independent request for \$319 million.

GENERAL OVERVIEW

Section 301(c) of the Congressional Budget Act of 1974 requires each standing committee of the Senate to submit to the Budget Committee, by March 15, its views and estimate of the total amounts of new budget authority and resulting outlays for programs under the Committee's jurisdiction for the coming fiscal year.

The Committee has carefully examined all the programs presently under its jurisdiction, proposed new initiatives, and the President's budget request for fiscal year 1984 and 1985 in formulating its recommendation.

For fiscal year 1984, the Committee recommends two increases above current levels. The Committee recommends the adoption of two program supplementals requested by the Administration for the Environmental Protection Agency: \$5.5 million for acid rain research, and \$50 million for the Superfund program.

For direct spending under the Federal-aid Highway Program, the Committee recommends \$14,676.9 million in budget authority and an obligation limitation of \$13,550 million for fiscal year 1985; these levels were enacted in The Surface Transportation Assistant Act of 1982 (STAA). The Committee recommends a total of \$8,747.4 million for appropriated programs within its jurisdiction for fiscal year 1985. This latter recommendation assumes a significant increase for the Environmental Protection Agency and enactment of several legislative initiatives reported by the Committee in the last session.

FISCAL YEAR 1985 HIGHLIGHTS

(1) Direct spending funds

Federal-aid highways.—The Committee recommendation is consistent with the Surface Transportation Assistance Act of 1982 (STAA). This program is funded by user fees which were increased by the STAA and can only be spent on the Highway program. The Committee believes it is important to make these funds available to the States as quickly as possible, and consequently has rejected the \$275 million program reduction and extension of obligation limitations proposed by the Administration.

(2) Appropriations

Environmental Protection Agency.—The Committee recommendation for the Environmental Protection Agency (EPA) operating budget is \$1.353 billion and for wastewater treatment grants is \$2.4 billion. In addition, it is recommended that the Superfund program

(3)

be allowed to grow to \$753 million, and that \$50 million be provided for a program to deal with abatement of asbestos in schools.

The recommended budget would return the Agency to the level appropriated in fiscal year 1981, before a series of reductions were initiated. It also corresponds to the fiscal year 1985 funding request that the Administrator of EPA submitted to the Office of Management and Budget last fall, although it is not an endorsement of the exact allocation of resources in that request.

For wastewater treatment grants, the Committee recommends enactment of the Administration request.

Adoption of the Superfund level (which is the same as the fiscal year 1985 funding request submitted to the Office of Management and Budget by the Administrator of EPA), assumes additional legislative action. Either an extension of the fund at current income levels which would allow the Agency to borrow from the Treasury against future tax increases, or a reauthorization that provides greater income to the fund for fiscal year 1985, is required.

Legislative action is also necessary to effect a transfer of an existing asbestos in schools program from the Department of Education to the EPA. The Subcommittee on Education of the Senate Labor and Human Resources Committee has already agreed to work with the Environment and Public Works Committee to effect the transfer this year.

Corps of Engineers.—The Committee recommends \$2,694 million in new budget authority for the Corps. That recommendation assumes a reduction of \$30 million from the Administration's fiscal year 1985 request, and a transfer of that amount to fund the remaining water programs within the Committee's jurisdiction. This recommendation assumes \$233 million in offsetting revenues from increased user fees, as proposed by the Administration although no specific legislative proposal to recover this level of revenues is presently under consideration. Initiatives contained in S. 1739, the Water Resources Development Act of 1983, reported from the Committee in the last session, can be accommodated within these totals.

Community and regional development.—In a change from its recommendations in prior years, the Committee recommends funding for the Economic Development Administration and the Appalachian Regional Commission at \$225 million and \$167.5 million respectively. The Committee recommends \$3.5 million for the National Council for Public Works Improvement, authorized by S. 1330, The Public Works Improvement Act of 1984, which passed the Senate earlier this year.

Credit programs.—The Committee recommendation does not assume new loan or loan guarantee activity in fiscal year 1985.

OUTYEAR BUDGET PROJECTIONS

It is difficult to predict future levels of spending for the programs within the Committee's jurisdiction. The economic situation, new legislative initiatives, changing priorities, and unforeseen activities will all affect the Committee's recommendation for spending levels in the future. With the exception of the Environmental Protection Agency, which the Committee hopes will keep pace with

inflation, the programs within the Committee's jurisdiction are likely to remain at current law levels in future years.

FEDERAL HIGHWAY ADMINISTRATION

The Committee's fiscal year 1985 recommendation for the Federal-aid highway program is \$14.7 billion in budget authority with an obligation limitation of \$13.550 billion. This is the level authorized for fiscal year 1985 by the Surface Transportation Assistance Act of 1982 (STAA). This figure represents an increase of \$1.3 billion and \$1 billion respectively over fiscal year 1984 budget authority and obligation levels and marks the third year of new authorizations under the STAA.

The President's budget request contains \$14.7 billion in budget authority, with an obligation ceiling of \$13.875 billion, not including \$100 million for emergency relief. All other authorization categories would be subject to the obligation limitation. The basis for the President's budget request is the \$13.550 billion obligation limitation in the STAA. It then subtracted the additional \$275 million in obligation authority for fiscal year 1983 above its original 1983 request which was provided in the Emergency Jobs Appropriations Bill (P.L. 98-8). The Administration recommendation further assumes limitation of an additional \$600 million which the Federal Highway Administration (FHWA) estimates the States will obligate in categories not presently subject to the obligation limitation.

The STAA provided that several program categories would not be subject to the obligation limitation. The amount authorized by the STAA for fiscal year 1985 outside the limitation is \$890 million including \$100 million for emergency relief. The largest part of this amount—approximately \$700 million—is authorized in the 85 percent minimum allocation category. Under the President's budget request, all these categories except emergency relief would be subject to the \$13.875 billion obligation ceiling. Under the STAA and the Committee's recommendation the entire \$890 million would not be subject to the obligation limitation of \$13.550 billion.

The funding level of \$13.550 billion, as set in the 1982 Act, should be retained. The STAA provided significantly increased funding for needed rehabilitation and construction of highways and bridges and raised highway user fees to provide the necessary financing. It is the Committee's intention that the Federal-aid highway program be fully funded. Revenues are accumulating in the Highway Trust Fund, highway needs remain pressing, and States have done long-term planning based on the multi-year authorizations contained in the STAA. The actual outlays for fiscal year 1985 for the STAA-passed level and the President's budget should be very similar. [It will be difficult to estimate outlays, however, because the Interstate Cost Estimate (ICE) and the Interstate Substitute Cost Estimate (ISCE) were approved five months late, i.e. nearly halfway into fiscal year 1984.]

Furthermore, congressional approval of the ICE and ISCE was for a six-month period only, instead of the two-year approval passed by the Senate. New legislation will be needed to release the additional 18 month's portion of ICE and ISCE funding for the remainder of fiscal year 1984 and fiscal year 1985.

The Administration continues to request first quarter controls on obligations, stating that no more than 25 percent of the funds available can be obligated during the first quarter. It is important that those who use the highway system and pay increased user taxes see benefits as quickly as possible. The construction season is already limited in many States because of weather conditions. The States were restricted even further this year in their ability to obligate funds because of the delay in approving an ICE and ISCE and by the fact that only half of the Interstate construction and substitution funds were released. Therefore, the Committee recommends that no obligational constraints be placed on the highway program in fiscal year 1985.

The 1982 Act provides \$15.4 billion in new budget authority for fiscal year 1986 with an obligation limitation of \$14.450 billion.

ENVIRONMENTAL PROTECTION AGENCY

Summary

The Committee recommendation for the Environmental Protection Agency operating budget is \$1.353 billion. This figure is essentially level with the fiscal year 1981 appropriations to the EPA for operations. It is also the same level that the Administrator of the Agency, William Ruckelshaus, requested from the Office of Management and Budget for fiscal year 1985.

The Committee also recommends \$753 million for the Superfund program and \$2.4 billion for wastewater treatment grants. In addition, an additional \$50 million for a program to deal with abatement of asbestos in schools is recommended.

Background

The Environmental Protection Agency has regulatory and research responsibilities for several significant programs under the Committee's jurisdiction, e.g. the Clean Water Act, the Solid Waste Disposal Act, the Clean Air Act, the Toxic Substances Control Act, and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Despite its increasing responsibilities under these and other environmental laws, appropriations for the Agency's operations declined steadily between 1981 and 1983. In fact, the Administration request for fiscal year 1984 represented a 30 percent decline below fiscal year 1981 levels.

In May 1983, a new Administrator was installed at EPA and was clearly given a mandate to improve the Agency's management and enforcement of environmental laws. He received a commitment from both the President and the Congress to provide the resources necessary to do that job.

In June 1983, the Administration increased its fiscal year 1984 request for the Agency's operating budget 15 percent and for the Superfund program 30 percent. While those amounts were substantially above the levels originally requested for fiscal year 1984, the new Administrator indicated that funding request was only preliminary, as he had not yet had the opportunity to thoroughly review the Agency's resource needs. Appropriations already enacted for fiscal year 1984 reflect that June request.

In September, 1983, the Administrator submitted his request for additional funding for fiscal year 1984 and annual funding for fiscal year 1985 to the Office of Management and Budget. The Agency's request for the fiscal year 1985 operating budget was \$1.353 billion, approximately the amount appropriated in the last year before the series of reductions were initiated.

The Office of Management and Budget substantially reduced the Agency's request. While the total funding requests transmitted to

the Congress by the Administration are an increase over the prior year appropriations, they remain 11 percent below the Agency's original request for the operating budget and 18 percent below the level requested for the Superfund program.

The Committee recommendations for the Agency, detailed below, provide the Administrator with the funds he needs and requested to restore credibility and effectiveness to this important Agency.

OPERATING BUDGET

The President's budget requests an additional \$5.5 million for acid rain research in fiscal year 1984. The Administration also requests \$1.209 billion for the operating budget for fiscal year 1985, an amount that is 9 percent over the fiscal year 1984 appropriations currently available to the Agency.

The Committee endorses the Administration recommendation for fiscal year 1984 supplemental funding. However, the Committee believes that \$1.353 billion, the fiscal year 1981 appropriation level and the figure the Administrator submitted to the Office of Management and Budget for fiscal year 1985 is an appropriate funding level for the fiscal year 1985 operating budget.

The Committee's recommendation of the \$1.353 billion level is not an endorsement of the exact allocation of resources in the Administrator's budget. A hearing on the budget for the Environmental Protection Agency was held at the beginning of March and the Committee has also conducted a preliminary analysis of budget materials that describe the Administrator's request and that have only recently been provided to the Committee.

It is obvious from these investigations that, in some areas, even the Administrator's request did not provide adequate resources. Examples of these activities are the NPDES permit program and industrial pretreatment program under the Clean Water Act. Initial staff analyses suggest that other serious shortfalls may also exist: for example, in certain enforcement areas, in programs for regulating toxic chemicals under the Toxic Substances Control Act, in research and development, and in subtitle D programs of the Solid Waste Disposal Act. Deficiencies in some of these programs are noted in more detail below.

The Committee will continue to review the budget materials and responses to hearing questions to identify clearly inadequate levels in other programs. A detailed analyses will be provided for appropriations action later this year.

WATER QUALITY

Under the Clean Water Act, NPDES permits and the pretreatment programs are the key mechanisms to control the discharge of toxic industrial pollutants directly and through municipal sewage treatment plants, respectively. There is a large backlog of expired NPDES permits that must be reissued under new regulations that limit toxic discharges. Many of these are encumbered by various requests for modifications that should be resolved at the time of reissuance. Workload forecasts submitted by EPA show that the Agency has only a third of the resources necessary to resolve the modification requests, much less issue the actual permits. If EPA

has to stretch permit reissuance out over several years, water quality and human health will continue to suffer.

The pretreatment program is equally important and has even less support. EPA faces a large workload to put this program into place, but has proposed to implement the program with only a handful of people. Resource increases in this program are necessary to protect water quality and human health, to protect the public investment in municipal treatment plants against industrial poisons, and to prevent contamination of sewage sludge by toxic pollutants.

ENFORCEMENT

Many of the environmental laws administered by EPA require the Agency to conduct inspections, issue permits, and, if violations are found, bring administrative and judicial actions or impose sanctions against dischargers. Although, in some instances, responsibilities for enforcement have been delegated to the States, EPA retains an oversight role.

For fiscal year 1985, the Administration is proposing a 28 percent increase in funding for this function and a 17 percent increase in personnel. However, the Administrator originally requested over a 50 percent increase in funding from the Office of Management and Budget in formulating its fiscal year 1985 request. In addition, a recent court decision may require EPA to perform certain enforcement activities with Federal personnel rather than with contractors. Consequently, the Committee intends to thoroughly examine the Agency's fiscal year 1985 enforcement plans.

TOXICS

Under the Toxic Substances Control Act, EPA has put into place certain mechanisms that will help identify toxic industrial and consumer chemicals for possible regulatory action. The budget contains barely enough resources to screen information submitted by industries and it will not adequately support evaluation and action on chemicals that require regulation. Further, important emerging problems such as leaking underground storage tanks are likely to be addressed with funds from these very limited resources. The Agency needs a substantial increase in technical staff and extramural resources to support this important activity and prevent large backlogs.

RESEARCH AND DEVELOPMENT

The Committee is particularly concerned about some specific research efforts. Control technology development is a critical component in effecting compliance with standards and enhancing the quality of the environment. The additional resources above the fiscal year 1985 budget request should be included to support key research efforts in the following categories:

- municipal wastewater treatment: to improve facility compliance;
- drinking water: accelerate research into the effects of pipe corrosion, and disinfectant by-products;

- hazardous waste: improve control and clean-up technologies;
- energy: evaluate coal cleaning practices and retrofit; and technologies for NO_x and volatile organic compounds.

The Committee continues to support a strong long-term exploratory research program. The Comments of the Executive Committee of the Science Advisory Board upon review of the "EPA Research Outlook 1984" give cause for concern regarding the planning process behind the research program. The Executive Committee observes, " * * * research planning within ORD is driven by the budget process rather than being used to guide the development of a budget * * *" The Executive Committee further questions the value of publishing a five year research plan if it does not serve as a planning tool. It is hoped that the Agency will review these criticisms closely and make changes to improve the planning process.

It is recommended that EPA pursue research into indoor air pollution. This issue has become a prominent concern in recent years, and the Agency should establish necessary capabilities to monitor and evaluate indoor air pollutants.

SOLID WASTE MANAGEMENT

Under the Solid Waste Disposal Act, EPA is given major responsibilities for assuring proper management of hazardous and non-hazardous waste. In recent years, the Agency has devoted its efforts and resources exclusively to the hazardous waste program. In the absence of Federal support, many States have curtailed efforts to adequately regulate sanitary landfills under subtitle D of the Act.

Subtitle D requires States to develop comprehensive waste management plans, eliminate open dumping practices, and promote recycling. Sanitary landfills as a matter of course receive substantial amounts of hazardous materials through household refuse and other unregulated disposal practices. The environmental and health impacts of these practices are evidenced from the following fact; of the first list of priority sites under CERCLA, half were solid waste facilities.

The Committee recommends that EPA provide assistance to States to enable them to proceed with appropriate regulatory and enforcement programs for sanitary landfills. The likelihood that a more rigorous stringent control program will be enacted under the Solid Waste Disposal Act underscores the need for Federal support of activities under subtitle D. Pending legislation will require EPA to develop additional standards for upgrading sanitary landfills and additional State enforcement effort.

ASBESTOS IN SCHOOLS

An additional \$50 million for the operating budget above the \$1.353 billion level is recommended for a program to provide technical and financial assistance for the purpose of dealing with abatement of asbestos in schools.

A program presently in the Department of Education was authorized, but funds have not been requested for fiscal year 1985. It is the Committee's intention to move this program to the Environmental Protection Agency where the technical expertise and capa-

bility to administer such an environmental program exists. The Subcommittee on Education of the Senate Labor and Human Resources Committee has already agreed that such a transfer would be beneficial, and will work with the Environment and Public Works Committee on legislation to effect the transfer this year.

SUPERFUND

The Administration requested an additional \$50 million for the Superfund program for fiscal year 1984 and a total of \$640 million for fiscal year 1985. These figures represent, respectively, a 12 percent and 56 percent increase over fiscal year 1984 appropriated levels.

The Agency submitted a request totaling \$753 million for the program for fiscal year 1985 to the Office of Management and Budget in September 1983. That amount is 83 percent above current appropriations.

The Committee endorses the Administration's recommendation for increased funding for fiscal year 1984. However, it is believed that fiscal year 1985 funding should be increased to the \$753 million level requested by the Agency.

The adoption of this funding level for fiscal year 1985 assumes some additional authorization action by the Congress. The \$753 million would more than use up revenues expected to come into the Superfund and other resources under current law. An extension of the fund at current income levels which would allow the Agency to borrow from the Treasury against future tax revenues, or a reauthorization that provides greater income into the fund would be required this year.

The Committee's recommendation does assume that the Department of Health and Human Service Superfund program, which conducts epidemiological studies and health effects research including basic research on ubiquitous or particularly toxic chemicals will be funded at the level it initially requested from EPA: \$18.4 million.

WASTEWATER TREATMENT CONSTRUCTION GRANTS

The Administration request of \$2.4 billion for the construction grant program is \$30 million below fiscal year 1984 appropriated levels, but level with the Administration's fiscal year 1985 request. The Committee recommends that the Administration's funding proposal be adopted.

NUCLEAR REGULATORY COMMISSION

The Committee recommends \$460 million in fiscal year 1985 for salaries and expenses of the Nuclear Regulatory Commission. This recommended ceiling is the same as the level of funding authorized by the Committee in S. 1291, the Nuclear Regulatory Commission Authorization for fiscal years 1984 and 1985, reported by the Committee in the last session. It reflects the Committee's endorsement of the activities, programs, and program funding levels contained in "Budget Estimates, Fiscal Year 1984/1985" (NUREG-0953) provided to the Congress last year.

The recommendation represents a decrease of \$8.2 million from the amount requested by the Administration for fiscal year 1985. Pending further consideration of the Administration's budget request for fiscal year 1985, as set out in "Budget Estimates, Fiscal Year 1985" (NUREG-1040), the Committee is not prepared at this point to approve changes in the funding levels requested by the Administration last year for fiscal year 1984 and fiscal year 1985 and already approved by the Committee.

The Committee is concerned with the significant reductions in funding for the Commission's Office of Nuclear Regulatory Research, and intends to examine in greater detail the justification for such reductions prior to approving the requested reduction.

WATER RESOURCES DEVELOPMENT

Four water resources programs are within the jurisdiction of the Committee on Environment and Public Works: (1) The U.S. Army Corps of Engineers, (2) Federal water planning activities authorized under the Water Resources Planning Act, (3) the Water Resources Research Act, and (4) certain small watershed projects undertaken by the Soil Conservation Service of the Department of Agriculture.

For the Corps of Engineers, the President has requested new spending authority of \$2,724 million for fiscal year 1985. The President has also estimated offsetting revenues of \$233 million from existing charges, new user charges recovering a portion of the expenditures for inland waterways and coastal harbors, and increased recreational fees. Thus, new net authority for the Corps in fiscal year 1985 would be \$2,491 million. This net level is approximately \$158 million lower than fiscal year 1984 appropriations for these activities.

The President did not request funds to continue work under the Water Resources Planning Act or the Federal water research activities within the Department of the Interior.

BACKGROUND

The fiscal year 1985 Budget continues the erosion of Federal spending for water resources development. For the 1985 fiscal year, the construction program of the Army Corps of Engineers is reduced from the previous year, continuing a decline which began in the mid-1960's. For the second year in a row, spending on operation and maintenance activities will exceed expenditures on construction.

The President's Budget calls for \$874 million in new budget authority for the Corps' "Construction General" account, plus another \$304 million for its Mississippi River and Tributaries Flood Control project (MR&T), \$200 million of which would go toward construction. These two accounts fund the following Corps activities: protecting communities against flooding, developing hydropower resources, improving navigation, augmenting water supply, and protecting beaches.

By comparison, the fiscal year 1984 appropriations were \$889 million for construction, plus \$300 million for the MR&T. Thus, the fiscal year 1985 request for these two programs is down \$11 million. By itself this does not seem to be a major reduction in the Corps of Engineers budget. But, in the context of recent history it represents the continuation of a serious downward trend. This fiscal year 1985 request plunges spending on the Corps' construction program to a figure that is only 22½ percent of the level of 18 years ago, calculated in constant dollars. At the same time, the

Corps' operation and maintenance budget has nearly doubled over that same period.

Two new construction stages are requested in the budget which assumes cost-sharing standards that require a larger commitment from non-Federal interests than traditionally has been contributed. For each new project in the Budget, the Corps of Engineers has worked out a tentative agreement with non-Federal sponsors to pay a significant share of the cost.

The Budget also assumes \$216 million in new user charges, although there is no specific legislative proposal to recover this specific level of revenues.

The Administration once again seeks to eliminate funding for the Federal water resources research program, as well as programs that coordinate Federal water policy and provide State water program grants on a matching basis. This runs counter to the Committee's past support of a strong water resources research program and Federal water policy coordination as necessary components of a sound Federal water resources strategy.

COMMITTEE RECOMMENDATIONS

I. SPENDING LEVELS

The Committee recommends, for fiscal year 1985, a water resources program at a level identical to the Administration's dollar request, but shifts \$30 million out of the Corps of Engineers program and into water research and Federal water policy coordination. Specifically, this means that the fiscal year 1985 net program levels would be as follows:

Army Corps of Engineers.....	\$2,491,000,000
Water research and Federal water policy coordination.....	30,000,000

II. NEW PROJECT COST-SHARING

In fiscal year 1983, the Administration proposed a budget amendment containing nine new Corps' project construction starts; each incorporating higher than traditional cost sharing. The fiscal year 1984 Corps budget request included an additional five new starts. The Committee endorsed both these proposals, because fiscal reality requires non-Federal interests to provide a higher share of project cost. Otherwise, any new project starts are unlikely.

The proposed fiscal year 1984 Corps budget assumes that 12 of the previously proposed 14 new projects starts will have been funded during fiscal year 1984. To date, construction has not begun on any of these projects. Two of the original 14 projects are now being constructed by local interests. The proposed budget also assumes that there will be two new starts in fiscal year 1985—both of these projects incorporating significant levels of local sponsor cost sharing. The Committee reiterates its earlier recommendations on cost sharing and urges the Committees on Budget and Appropriations to include these projects in the Corps' fiscal year 1985 construction program.

During the first session of the 98th Congress the Committee reported S. 1739, The Water Resources Development Act of 1983, which includes provisions on cost-sharing for future water re-

sources projects. The Administration's cost-sharing levels for its proposed new starts are comparable to the cost-sharing requirements of S. 1739.

The Administration's Budget is also generally consistent with the Committee bill, which includes 50-50 cost-sharing requirements for new studies and various functional spending limitations. The flexibility of the Corps budget within authorization ceilings will allow substitution of some projects or items authorized by S. 1739 within the Administration Budget level.

III. USER CHARGES

The Budget assumes \$216 million in new user charge revenues in fiscal year 1985. This figure reflects \$200 million in inland waterways and deep-draft user charges, and \$16 million in new recreational fees.

The Committee accepts the Administration's estimate, which is lower than previous Administration proposals. This estimate suggests a willingness on the part of the Administration to work with the Congress to resolve the issue of user charges for Federal navigation projects. The Congress can achieve the level of user charges assumed when it considers S. 1739, The Water Resources Development Act of 1983.

IV. NEW INITIATIVES

As previously mentioned, the Committee on Environment and Public Works has reported S. 1739, The Water Resources Development Act of 1983. This legislation represents a balanced approach between new development and the need for enhanced environmental and fiscal responsibility.

S. 1739 authorizes 130 new Corps of Engineers construction projects, at a total cost of \$8 billion. To ensure budget restraint, annual ceilings on construction, port maintenance, and commercial inland navigation expenditures are authorized. The bill authorizes assessment of fees to cover commercial inland navigation expenditures above the ceiling, beginning in fiscal year 1986. The bill also establishes a new cost-sharing policy which will enable a larger water resources development program to be undertaken without increasing Federal expenditures.

It is expected that this legislation will be enacted during this session of Congress.

V. WATER RESEARCH AND COORDINATION

The Committee believes Administration efforts to eliminate Federal support for water resources research institutes and grants during the past few years have been ill-advised. This research has proven to be a wise investment to sustain our ability to solve critical water problems. In order to assure a continued effort to resolve water resources research problems, and to promote an effective program for coordinating Federal water policy efforts, \$25,000,000 is recommended for fiscal year 1985 for Federal water resources research in the Interior Department.

Support for the establishment of a board to guide Federal water policy, such as the National Board on Water Policy authorized under S. 1739 continues. A policy body is essential for elimination of the confusion and inefficiency surrounding many aspects of Federal involvement in water resources development. Therefore, the Committee also recommends that \$5,000,000 be allotted for the National Board on Water Policy established by S. 1739.

VI. WATER POLICY

The Committee renews its plea to the Administration to work with the Congress to resolve national water resources policy issues and urges the Administration to make concrete legislative proposals on cost-sharing policy and user-fee collections to aid the Committee in seeking passage and enactment of S. 1739. The Committee believes this bill is essential to revitalization and reformation of Federal water resources efforts.

FISH AND WILDLIFE SERVICE

For the U.S. Fish and Wildlife Service, the Committee basically assumes the President's fiscal year 1985 request.

In addition, an adjustment to the funding in the President's budget to accommodate S. 1329, The Emergency Wetlands Resources Act of 1983 is recommended. That bill was reported from the Committee on Environment and Public Works on January 26 and will be considered by the Senate shortly. It extends the authorization for appropriations for the Wetland's Loan Act and the National Wetlands Loan Inventory Project, authorizes the Secretary of the Interior to charge admission fees for the National Wildlife Refuge System, and increases the price of duck stamps. The bill also adjusts the present programs by changing some of the authorizations to direct spending, as reflected in the differences of the Committee's recommendation from the President's budget in the appropriated and direct spending accounts.

If S. 1329 is not enacted into law, the Committee recommends that appropriations be provided at the level of the Administration request.

TENNESSEE VALLEY AUTHORITY

The President's fiscal year 1985 budget request for the Tennessee Valley Authority (TVA) is \$115.3 million. This request supports the nonpower programs of TVA which fulfill the authority's mandate to promote development and conservation of resources in the Tennessee Valley. The Committee endorses the President's proposed \$115.3 million funding level for TVA.

DISASTER RELIEF

The Committee recommends \$100 million in new budget authority for the disaster relief programs of the Federal Emergency Management Agency for fiscal year 1985. This amount, in addition to \$368 million in estimated unobligated balances in the President's Disaster Relief Fund, should be sufficient to finance the program at its anticipated level.

FEMA estimates obligations for fiscal year 1985 to be \$350 million, an amount higher than required for fiscal years 1982 and 1983. These years are regarded as atypical of the average historical levels of disaster activity. Data provided by FEMA showing Disaster Fund obligations for fiscal years 1974 through 1983 indicate an average annual obligation level of \$342.6 million. However, the Committee recommends that the additional \$100 million requested by the Administration be provided in order to forestall the need for supplementals.

It is also recommended that \$6.5 million in new budget authority for the Salaries and Expenses account of the Federal Emergency Management Agency be applied to the disaster relief program activity.

DAM SAFETY

The Committee notes that the Administration has recommended only \$82,000 for FEMA's dam safety programs for fiscal year 1985, reflecting an 83 percent cut from the fiscal year 1984 budget of \$482,000. These funds have been effectively used in a variety of ways to encourage States and individual dam owners to take a more aggressive role in ensuring the safety of the public. In light of the valuable work and dissemination of information which has occurred under this program, the Committee urges the Committees on the Budget and Appropriations to explore ways in which some or all of these funds might be restored to dam safety activities at FEMA.

FIVE-YEAR PROJECTIONS

Projections of expenditures for disaster relief are, of course, difficult to make because disasters cannot be predicted either in number or severity. The Federal Emergency Management Agency uses the historical average of expenditures over a number of years to help in making estimates of future costs. Based upon historical activity, FEMA estimates future budget needs of about \$325 million annually.

PUBLIC BUILDINGS SERVICE

The Committee recommends no new fiscal year 1985 budget authority for the Public Buildings Service (PBS) of the General Services Administration even though the Administration has requested \$2,227,802,000 in new authority to obligated collections accumulated in the Federal Buildings Fund for PBS program needs.

BUDGET ACCOUNTING

The sharp contrast between the high level of PBS program activity and the lack of new budget authority dramatizes the point the Committee has made about the public buildings program for years: it requires high expenditures over which there is little oversight in the congressional budget process.

The activities of the Federal building program are funded through collections of rent-like user fees referred to as Standard Level User Charges (SLUC). These charges are levied on individual agencies occupying space provided and managed by GSA. User-charge financing was adopted (among other reasons) as a means of properly accounting for facility costs as part of agency operating expenses and to encourage economies in the amount of space used. The SLUC collections are deposited into an intragovernmental account, the Federal Buildings Fund (FBF), from which funds are committed to the various PBS program components. Budget authority for these SLUC revenues resides not in the commitments made by the Fund, but in the administrative budgets of the numerous agencies from whom the revenues are collected. Budget authority for this multibillion dollar program thus is spread across every function of the budget and dispersed among the separate appropriations acts. These SLUC payments are minor items in the administrative budgets of each of the Federal agencies and attract little executive or congressional scrutiny, although they add up to more than \$2 billion.

At no time in the congressional budget process each year is this multibillion dollar Federal buildings program examined as a whole. Moreover, the reporting on a net basis of the flow of funds into and out of the Federal Buildings Fund account results in net amounts so small (or even negative) that they usually receive little notice as a significant cost item. Net outlays for fiscal year 1985 are estimated to be minus \$5.6 million.

Legislation (S. 452, The Public Buildings Act of 1983, title IX) which would repeal the provisions of current law authorizing the Federal Buildings Fund and the collection of SLUC was passed by the Senate during the first session of the 98th Congress. It awaits action in the House of Representatives. If enacted, this initiative would return the programs of the Public Buildings Service to direct

appropriations and would permit the same degree of scrutiny that the budget process affords most other Federal programs.

LEASING VERSUS OWNERSHIP

The Committee has been concerned for a number of years about the constantly escalating costs associated with the GSA leasing program. GSA's budget request for fiscal year 1985, at \$860 million, represents a welcome, if belated, attempt to bring the costs of the leasing program under some degree of control.

The rapid and largely unrestrained growth of leasing as a means for acquiring office space for Federal employees is a consequence of structural biases in current budget and accounting procedures, the long lead time required for Federal construction, and GSA's inability to plan effectively for future Federal space needs.

However, the Committee believes that long-term economies can be realized through increased Government ownership of buildings used to provide space for Federal employees.

FULL FUNDING OF LEASES

GSA's current budget and accounting practice (a practice which the Committee is told is inconsistent with Office of Management and Budget guidelines) of reporting only the current year's obligation for a lease understates the Government's contractual commitment of up to twenty times the annual lease amount. According to the most recent figures provided to the Committee by the GSA, the unaccounted obligation which will be required to liquidate existing GSA leases presently exceeds \$2.3 billion, and is growing rapidly. The Committee believes an accounting change should be made to reflect the true commitments of leases. Legislation (S. 452) has passed the Senate to effectuate the change.

If S. 452 were enacted, effectuating the changes discussed above (that is, the full funding of GSA lease commitments) the Congressional Budget Office estimates the following net impact on government-wide budget totals relative to current policy:

[In millions]		
Fiscal year	Budget authority	Outlays
1985	700	
1986	600	
1987	500	
1988	400	

ECONOMIC DEVELOPMENT ADMINISTRATION

The Committee recommends \$225 million in budget authority for the Economic Development Administration (EDA) in fiscal year 1985. This figure represents approximately the same amount appropriated for fiscal year 1984, minus the additional \$40 million in emergency jobs money that was made available under the criteria established by Public Law 98-8.

The President's fiscal year 1985 budget request asks, as it has in the previous three years, for limited funding for close-out costs. The Administration requests \$22.5 million to terminate the agency's programs by the end of 1985.

It is recognized, however, that Congress has continued to appropriate funds for EDA and that many localities, particularly in rural areas, have made effective use of EDA programs.

The Committee reiterates its concern over the very large percentage of the country that is technically eligible for EDA assistance and the high rate of defaults in the agency's loan programs and emphasizes that its fiscal year 1985 budget recommendation does not include funding for loans or loan guarantees. It should also be noted that the Committee has reported legislation to address the loan default and eligibility criteria issues.

An EDA program—emphasizing cooperation among Federal, State, and local governments and the private sector—can provide much-needed basic assistance to communities in planning for economic development, in providing public infrastructure that will keep or attract business, and in aiding areas undergoing economic dislocation.

Qualified personnel are essential for effective program administration at EDA. The recent confirmation of a new Assistant Secretary for Economic Development should enable the agency to move quickly to fill several key vacancies and improve overall management of programs and personnel.

APPALACHIAN REGIONAL COMMISSION

The Committee recommends \$167.5 million for the programs of the Appalachian Regional Commission for fiscal year 1985. Since 1981, efforts have been underway by the Administration to eliminate funding for this program of assistance to areas of 13 Appalachian States faced with severe economic problems. While the Committee on Environment and Public Works has recommended no new budget authority for the last three fiscal years, the programs of the Appalachian Regional Commission have been continued annually by actions of the Appropriations Committees.

This year the Committee recognizes the continued support for the efforts of the Appalachian program and recommends the \$167.5 million for program and operating expenses. This funding is broken down between the highway and area development programs in the following manner: \$115 million is for development highways and \$50 million is for area development. Additionally, \$2.5 million is recommended for the Federal share of Commission expenses for fiscal year 1985.

For fiscal year 1985, the Administration requested \$80 million for the Highway Program only to be administered by the Department of Transportation. The 13 Governors who are partners with the Federal Government in the Commission submitted a funding request of \$319 million for the entire Commission program for fiscal year 1985. The Committee believes the \$167.5 million recommendation will permit the Commission to continue implementation of the finish-up program proposed by the Governors and begun in fiscal year 1983.

NATIONAL COUNCIL ON PUBLIC WORKS IMPROVEMENTS

The Committee has allocated \$3,500,000 to finance activities of the National Council on Public Works Improvements.

S. 1330, The Public Works Improvement Act of 1984 was reported by the Committee on Environment and Public Works, passed by the Senate, and is pending in the House of Representatives. That bill establishes a 15-member council and directs that the council evaluate the age, condition, financing, and trends in public capital investment, and recommend changes in law and programs that would reverse the decline in infrastructure spending.

Two important reports to the American people are requested by S. 1330: one at the conclusion of fiscal year 1985; one a year later.

Because of the likelihood that S. 1330 will become law and because of the significance of its work, the Committee directs that funds be spent to support the studies of the council in fiscal year 1985.

INFRASTRUCTURE

Aside from ongoing support for a number of existing public works programs, the Committee recommends no specific additional sum to rebuild the Nation's infrastructure. That decision does not mean that the Committee plans, during the remainder of this Congress, to ignore the vast demands for public works spending.

The Joint Economic Committee of the Congress has identified, for the remainder of this century, a \$450 billion deficit in meeting our infrastructure needs. A report to the Committee on Environment and Public Works from the Library of Congress states that current U.S. infrastructure spending has fallen to less than 2 percent of our gross national product, the lowest of any of the major industrialized nations, and less than a third of the Japanese percentage. Moreover, the U.S. spending on infrastructure as a percentage of GNP is a quarter below the 1960 percentage.

Despite the needs, the realities of our Nation's present economic situation is recognized. Our recommendations on the fiscal year 1985 Budget make every effort to restrict spending increases to only the very highest priorities.

Therefore, there is no new infrastructure recommendations. Nevertheless, the Committee expects to continue to work on legislation in this area to be prepared to move forward should budget priorities and current needs permit such expenditures in the near future.